

## Message Text

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PAGE 01      SAO PA 02986 231537Z  
ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 CCO-00 PASO-00 /023 W  
-----093077 231944Z /44

R 231230Z NOV 77  
FM AMCONSUL SAO PAULO  
TO SECSTATE WASHDC 8123  
INFO USDOC WASHDC

UNCLAS SAO PAULO 2986

TO: MR. ALLEN B. BRANAGAN  
    TENNECO CHEMICALS  
    PARK 80 PLAZA WEST 1  
    SADDLE BROOK, NEW JERSEY

E.O. 11652: N/A  
TAGS: BDIS, BR  
SUBJECT: TRADE DISPUTE - TENNECO CHEMICALS, SADDLE BROOK,  
NJ. VS. DIAPLAST S/A. DIADEMA, SAO PAULO, BRAZIL.

1. THE FOLLOWING ARE ANSWERS TO THE FOUR QUESTIONS IN YOUR  
TELEX OF 11/16/77 COMPLIED AFTER CONSULTING VARIOUS SOURCES.
2. Q.1. IN SPITE OF SPECIAL CIRCUMSTANCES OF YOUR CASE BRA-  
ZILIAN LAW DOES NOT PERMIT IMPORTATION. NEW IMPORT LICENSE  
CAN NOT BE ISSUED, THEREFORE MATERIAL CANNOT REPEAT CANNOT  
BE IMPORTED. APPLICABLE LAWS ARE CACEX RESOLUTION 500 AND DE-  
CREE-LAW NUMBER 37 OF THE NATIONAL COUNCIL FOR FOREIGN TRADE.  
COPIES BEING MAILED.
3. Q.2. UNDER THE ARRANGEMENT REACHED BY YOUR ATTORNEYS, WHICH  
PROVIDES FOR RE-SHIPMENT OF MATERIAL TO PORT OF ORIGIN, THE-  
RE ARE NO FINES TO BE PAID. THE ONLY COSTS TO YOU ARE FOR  
STORAGE FEES (DEMURRAGE) AND RETURN SHIPPING. OUR BEST INFOR-  
MATION IS THAT THE STORAGE FEES ARE NOT NEGOTIABLE, BUT MUST  
BE PAID IN FULL AS COMPENSATION FOR SERVICES PROVIDED. THE S-  
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TORAGE FEES ARE, OF COURSE, INCREASING EACH DAY AND PRESENT  
ESTIMATES INDICATE THAT THE TOTAL IS NOW APPROXIMATELY US\$  
130,000 (STORAGE AND SHIPPING COMBINED). YOUR ATTORNEYS WILL  
ADVISE YOU OF EXACT AMOUNT, BUT WE STRESS THAT THESE FEES  
ARE INCREASING AND CANNOT BE REDUCED.

4. Q.3. YOU CAN FILE CLAIM UNDER CONCORDATA, BUT THIS MUST

BE DONE BY AN ATTORNEY IN BRAZIL. DOLLAR PAYMENTS ARE AUTHORIZED BY THE CENTRAL BANK ON A CASE BY CASE BASIS. CREDIT SOURCES INDICATE, HOWEVER, THAT DIAPLAST'S ASSETS ARE SO HIGHLY MORTGAGED THAT IT IS VERY UNLIKELY THAT ANY UNSECURED DEBTS WILL BE PAID.

5.Q.4. REGULATIONS PROHIBIT US FROM RECOMMENDING A LAWYER OR LAW FIRM. HOWEVER WE ARE SENDING UNDER SEPARATE COVER A LIST OF LAWYERS IN SAO PAULO CONSULAR DISTRICT, WHICH DESCRIBES EACH LAWYER'S SPECIALITY AND LANGUAGE OF CORRESPONDENCE.

6. ACCORDING TO ALL INFORMATION AVAILABLE TO US THE ONLY TWO ALTERNATIVES OPEN TO YOU ARE TO EITHER ABANDON THE MATERIAL OR TO HAVE IT RE-SHIPPED TO PORT OF ORIGIN IN THE U.S. RE-SHIPMENT TO ANY PORT OTHER THAN PORT OF ORIGIN CONSTITUTES VIOLATION OF BRAZILIAN CUSTOMS LAW AND CUSTOMS OFFICIALS WILL NOT PERMIT SUCH RE-SHIPMENT

7. WE SUGGEST THAT TO SAVE TIME YOU SEND CORRESPONDENCE ON THIS CASE DIRECTLY FOR ATTENTION OF DIRCK TELLER, CONSUL, ECONOMIC COMMERCIAL AFFAIRS, AT THE CONSULATE GENERAL SAO PAULO, TELEX (011) 25274; TELEPHONE (011) 853-2011. HOWEVER WE WILL CONTINUE TO REPLY BY LETTER OF DIRECT CABLE, BECAUSE THE CONSULATE GENERAL DOES NOT HAVE OUTGOING TELEX FACILITIES.

8. PLEASE BE ASSURED THAT WE HAVE BEEN FOLLOWING THIS CASE  
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CLOSELY WE HAVE HAD NUMEROUS CONTACTS WITH YOUR LAWYERS, WE WILL CONTINUE TO DO SO, AND WILL KEEP YOU INFORMED.  
CHAPIN

NOTE BY OC/T: SAO PAULO 2986 PASSED ABOVE ADDRESSEE.

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## Message Attributes

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**Subject:** TRADE DISPUTE - TENNECO CHEMICALS, SADDLE BROOK, NJ. VS. DIAPLAST S/A. DIADEMA, SAO PAULO, BRAZIL.  
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**To:** STATE  
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